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ABSTRACT

Basic economic concepts appropriate for the second grade are elaborated in this guide which is intended to be used for enrichment of an existing social studies program. Numerous supporting ideas are used to develop an understanding of the following fundamental concepts: 1) people in a community need goods and services; 2) someone must produce the goods and services a community needs; 3) there is a circular flow of money from families to businesses and government and back to families again; 4) we must have resources in order to produce. If we use our resources for one thing, we cannot use them for another. Because of this, we must make choices: 5) prices help us decide how to use our resources; and, 6) money can be lent and borrowed. Activities are suggested for each concept and lists of resources are provided which include fiction and non-fiction books, films, records, etc. Methods for evaluating instructional outcomes are detailed. "Major Ideas and Sub-Ideas of Modern Economics", an appendix, defines the boundaries of the economic discipline and acts as a guide to the things teachers should cover or emphasize. See SO 000 132 for full information and related documents. (JLB)

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Teachers Guide To

ECONOMICS

IN GRADE 2

Edited by Hugh Lovell

and Albert Ouchi

SP 006 632

APPROVED JANUARY 9, 1968, BY THE STATE BOARD OF EDUCATION: RAY C. SWANSON, CHAIRMAN; MRS. GEORGE BEARD, VICE CHAIRMAN; ROBERT W. CHANDLER; RICHARD F. DEICH; EUGENE H. FISHER; THOMAS L. SCANLON; AND FRANCIS I. SMITH . . . . . JESSE V. FASOLD, SECRETARY

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Foreword

Many of the daily problems and issues that confront us as producers of goods and services, as consumers, and as citizens are economic in nature. A familiarity with economic facts and principles is prerequisite to an understanding of both our private affairs and local, state, and national affairs. The great issues of our time such as inflation, balance of payments, credit control, foreign aid, financing of schools and other public services, and rate of economic growth require a knowledge of economics if participants in our society are to interpret current events and make intelligent decisions.

Elements of economics have long been included in certain areas of the Oregon curriculum, but for the most part economic learnings have been left to chance. A carefully designed plan to teach a progression of economic concepts in the various elementary and secondary grades has not existed. The intention of the writers of this Guide, one in a series which will soon include a similar guide for each elementary grade, has been to present such a plan.

The increasing complexity of both personal and public economic affairs requires that schools no longer leave to chance student acquisition of economic knowledge and understanding. The series of TEACHERS GUIDES TO ECONOMICS identifies economic concepts that have been found within the grasp of pupils at each grade level. It also suggests many classroom materials and activities that can be employed within our existing social studies curriculum framework. The Guides should therefore be regarded as supplements to the Oregon social studies program. They are recommended for use by schools and teachers who are interested in improving their efforts toward better economic education.

Since successful use of the Guides will require an understanding of basic economics by teachers, it is expected that school districts will find it necessary to provide in-service, through local workshops or other means, for teachers who lack exposure to the subject.

It is hoped that curriculum officials of all Oregon schools will study the program presented in this series of guides and determine ways by which they may be used to strengthen this important but often neglected subject.

Jesse R. Fasold

Superintendent of Public Instruction

Acknowledgments

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About This Guide

This Guide is one of a series prepared for the Oregon Department of Education by the Oregon Developmental Economic Education Program (DEEP). The Program is a three-year effort involving teachers, economists, curriculum specialists, and various educational agencies.* It has had three main objectives: (a) to find out what economic concepts could usefully be taught at various grade levels, (b) to find out how best to present them in the classroom, and (c) to make the results easy for classroom teachers to use. It is part of a nationwide program of the Joint Council on Economic Education.

The Guides themselves vary somewhat because the teachers who helped to write them felt that variations were needed to meet the special requirements of particular grade levels. All of them, however, follow the same general pattern. A table of contents lists a number of simply written "big ideas," or basic concepts, appropriate to a particular grade. These big ideas are expanded in the body of the Guide, which also includes teaching activities (more of them than any individual teacher is likely to use), lists of books and other resources, and suggestions for evaluating student understanding of the material. All of the Guides include a brief section on "Major Ideas and Sub-Ideas of Modern Economics." Some of them include appendixes with statistical or other information.

The idea of introducing economic materials into the primary grades, or even into higher grades, is a relatively new one. It frightened a number of teachers in the Program, and particularly those who had not had much previous academic work in economics. It frightened some of the rest of us as well. We are not frightened now because we know that ordinary teachers can teach economics to ordinary children, and with excellent results. However, some general observations may be helpful.

- Children like economics. They like it because it is important and because it is real. Money, going to the grocery store, and the fact that daddy goes away from home to work are very real things for the first grader. He likes economics because it helps him to understand what these things are all about. He likes it, too, because it helps him see that he plays a part in the real world, that he is a "producer," and, like daddy and the mailman, has valuable services to perform such as cleaning the blackboard or picking up his room.

- One does not have to stop teaching everything else in order to get economic ideas across. The best way to teach many economic concepts is to weave them into everyday classroom work. The proper question at the proper time may do more to bring home an economic concept than an elaborate week-long activity. Because of this, it is not necessary for teachers who want to introduce economics to abandon other subjects or to give up their favorite classroom activities. But new economic activities should be used when they fit the

*See Acknowledgments and Appendix for listings of participants.

curriculum. These Guides are filled with such activities. However, the idea is to enrich the established curriculum, not to replace it root and branch.

- Economics is more concerned with relationships to be understood than with facts to be memorized. This simplifies the teachers' task, but it does pose certain problems. The main one arises because economic concepts are interrelated -- it doesn't make much sense to teach one without sooner or later teaching others. In fact it is sometimes impossible to understand one economic concept unless one also understands another. One cannot understand why an American family needs money without also understanding why most Americans specialize in the production of things that their families cannot eat. For this reason, it is very important for a teacher to try to understand all the major economic concepts that relate to his grade level and for him to try to touch on all of them with his students, even though he may not have time to explore many of them in depth.

- Simple economic concepts won't tell the whole story. An economic system is characterized by all kinds of complex interrelationships between people and institutions. Even professional economics don't try to explain all these interrelationships at once. They try to ignore less important variables so they can concentrate on more important ones. The "big ideas" in these Guides focus on important economic variables, but they omit others that may apply to certain real-life situations. When students bring up a real-life situation which seems to contradict a "big idea," the teacher's best approach is to ask the class to help her reason out additional factors which are probably involved. This ability to reason out, or analyze, the factors which explain economic phenomena is, in the last analysis, the main stock in trade of the economist. Helping teachers and students to acquire this knack is one of the main objectives of the Oregon Developmental Economic Education Program.

The Oregon Developmental Economic Education Program is an activity of the Oregon Council on Economic Education. The Council, a non-profit, nonpartisan corporation, supported by business, farm, and labor organizations from all parts of the state, exists to encourage improved economic education in Oregon schools. The Council takes no position on economic issues. The views expressed in this teachers' Guide are those of its authors and consultants. They may or may not coincide with those of the Oregon Council.

HUGH LOVELL, Director
Oregon Developmental Economic Education Program

People and the Family in the Community

BIG IDEA 1: People In a Community Need Goods and Services

Children who can view the people in their community as an interdependent group of consumers and producers can better understand the economic nature of the world in which they live. Everyone in a community is a consumer. The people in a community consume goods: houses, automobile tires, food, and clothing. The people in a community consume services: haircuts, drycleaning, medical care, protection against crime and fire. Not everyone in the community consumes the same thing, and not every consumer consumes the same thing day after day.

SUPPORTING CONCEPTS

1. Everyone in a community is a consumer.
2. Everyone consumes goods.
3. Everyone consumes services.
4. Consumers' needs and wants change

(continued on page 2)

BIG IDEA 1: PEOPLE IN A COMMUNITY NEED GOODS AND SERVICES (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. EVERYONE IN A COMMUNITY IS A CONSUMER	"What does everyone consume?" Discuss the fact that everyone consumes water. Expand on idea that people must consume food, shelter, and clothing, but in varying degrees--example: postman--shoes; students--toothbrushes; teacher--chalk.
Vocabulary community consumer consume	Discuss: "Why do we all want things?" Show pictures of people consuming goods and services. Discuss questions like these: Who are the consumers? How do you know they are consumers? What are they consuming, goods or services?
2. EVERYONE CONSUMES GOODS	Discuss what items are consumed by the family in the home--food, clothing, shelter. Have children, through observation, tell what is being consumed in the classroom--pencil, chalk, paper towels, supplies. Extend previous activity to school, home, and community.
Vocabulary goods	Make a list of pairs of things--some things consumed at once, while others are used again and again--glass - water, pen - filler, car - gasoline.
3. EVERYONE CONSUMES SERVICES	Mount magazine pictures on 5 x 7 index cards. Have each child discover what is being consumed in his picture. List occupations--doctor, nurse, baker--on 5 x 7 cards; have child take cards to pupils with signs marked <u>goods</u> or <u>services</u>.
Vocabulary services	Choose card from occupations cards and pantomime. Have pupils identify the service being consumed. Make up riddles describing various services rendered to consumers.

EVALUATION AND NOTES

Can the children describe how individual people and communities as a whole make use of or use up various goods and services?

Have the children tried using "consume" or "consuming" in place of other verbs?

Has the teacher given enough examples to show that everyone in the community does consume something almost all the time?

Have the children observed specific places--home, school, and community--where particular types of goods, or services, are consumed?

Can the children group or pair goods, and services, that complement each other?

Have the children been able to list and and identify people in their community who provide services?

Have the children named and discussed the services provided by government?

Can the children classify workers in their community according to the goods or services they provide?

RESOURCES

Books

Arbuthnot, M.H.: Time for Poetry, Scott, Foresman and Company, Chicago, 1961, p. 227

Bannon, Laura: The Gift of Hawaii, Albert Whitman and Company, Chicago, 1961

Marks, Mickey: What Can I Buy? Dial Press, Inc., New York, 1962

Watson, Nancy D., Annie's Spending Spree, The Viking Press, Inc., New York, 1957

Films

"The Three Wishes," Cornet Films, 11 min., color, b/w

Poetry

Farjeon, Elenor: "Choosing," Time for Poetry, Scott, Foresman and Company, Chicago, 1961

Farjeon, Elenor: Poems for Children, J. B. Lippincott and Company, Philadelphia, 1951, p. 236

Fyleman, Rose: "Shop Windows," Time for Poetry, Scott, Foresman and Company, Chicago, 1961

Stories

Kirn, Ann: Two Pesos for Catalina E. M. Hale and Company, Eau Claire, Wisconsin, 1966

Dobbs, Rose (ed): "The Three Wishes," Once Upon a Time, Random House, Inc., New York, 1961

SUPPORTING CONCEPT	RELATED ACTIVITIES
	Discuss: "How are we dependent on the services the weatherman provides?"; "How do the farmer, fireman, and vacationer, use the services of the weatherman?" Make a chart with two headings as follows:

Services that come to our homes	Services that we must go out to get

4. CONSUMERS' NEEDS AND WANTS CHANGE.	Make illustrations of how wants change, or have each child bring a picture of something he wants. Mount each picture, put date and name on it. Put it away for a period of two weeks. Later ask each child to bring another picture of something he wants. Mount and discuss change in wants.
Vocabulary wants needs	Develop a mural: "Wants Change as We Grow." Conduct a language arts lesson on tenses by developing a chart as indicated below. Use pictures to accompany each tense.

I want	I wanted	I will want

Write stories about changing our wishes when our wants have been satisfied. For example, make up a story about a small boy who is saving his money to buy a bike. He finds out that the circus is coming to town. How did his wants change from a good to a service? If he went to the circus, did some wants for a service change to a want for various goods?

Draw pictures or do plays to show that we often want things less when we have more of them: one child is ecstatic over a new birthday bicycle. Another is heartbroken (he had three bicycles already).

EVALUATION AND NOTES

Can the children give examples of wants that were important to a particular time and place but that have become unimportant now?

Have the children discussed cases in which a good has been substituted for a service or vice versa in the satisfaction of a want?

RESOURCES

Songs

"When You Wish Upon A Star," from Pinocchio, Disneyland Record #1202

Other

Peabody Kits - Level 2 (includes excellent pictures of goods and services)

Weekly Reader

Telephone Kits (Bell Telephone Co.)

BIG IDEA 2: Someone Must Produce the Goods and Services a Community Needs

Nearly everything that a community needs must be produced by someone. (Air is an exception, and water would be except for the pipes and plumbing needed to bring it from the source.) Little babies and people who are very sick or old cannot produce things, but almost everybody else in the community is a producer. Some producers are paid for the goods and services they produce. Others, housewives and classroom helpers, for example, do not get paid for their goods and services. Most producers specialize in particular products or particular tasks because more goods and services can be produced that way. And nearly all producers need tools, machinery, and materials with which to work.

SUPPORTING CONCEPTS

1. Many people in a community are producers. They produce many kinds of goods and services. Many of the producers are paid for the goods and services they produce.

2. Some of those who produce goods and services do not receive pay.

3. Most producers are specialists. Specialists work faster and better because they have specialized skills and knowledge.

4. Most producers need tools, machinery, and materials with which to work. The people who provide these capital goods receive profits, rent, and interest.

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. MANY PEOPLE IN A COMMUNITY ARE PRODUCERS. THEY PRODUCE MANY KINDS OF GOODS AND SERVICES. MANY OF THE PRODUCERS ARE PAID FOR THE GOODS AND SERVICES THEY PRODUCE.	Discussion: "What is produced at home, at school, in the neighborhood?" "Who produces it?" List on a chart what parents do. Determine if they produce a good or a service. Make pictures of producers--accompany them with stories. Have children play a game of charades in which they guess whether the action of the group describes producers or consumers. Collect and put magazine pictures under correct headings of goods or services. Place on bulletin board.
<u>Vocabulary</u> produce' producer pro'duce products	Have children divide into two teams. The first child on each team names an occupation starting with A; second child, B; and so on. When the teams have gone through the alphabet, the team with the most players left wins the game. Name some people who do not produce a good or service.

EVALUATION AND NOTES

Can the children name community activities in which goods or services are produced?

Can the children distinguish between persons who work for pay and persons who do not receive pay for their work?

Can the children name people who consume but do not produce (babies, the sick, and the very old). Can they give reasons why each is not able to produce?

RESOURCES

Films

"Beginning Responsibility," Coronet Films, 1963, 11 min., color, b/w

"Helpers Who Come to Our House," Coronet Films, 11 min., color

"Our Family Works Together," Coronet Films, 1958, 11 min., color, b/w

"What Do Fathers Do?" Churchill Films, 11 min., color, b/w

Filmstrips

"Mother Cares for the Family," Long Filmslide Service, 1954, 26 fr., color

"Working Together in the Family," Society for Visual Education, #F801.1, 7 min., 31 fr., color

BIG IDEA 2: SOMEONE MUST PRODUCE THE GOODS AND SERVICES A COMMUNITY NEEDS (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
2. SOME OF THOSE WHO PRODUCE GOODS AND SERVICES DO NOT RECEIVE PAY.	Have each child draw a picture of some service that is performed without pay by a member of their household.
	Make a chart or comic book illustrating various volunteer activities.
Vocabulary charity nonprofit volunteer	Invite a volunteer worker to visit the room. Follow up with a chart that can be added to as other volunteer workers are noticed.
3. MOST PRODUCERS ARE SPECIALISTS. SPECIALISTS WORK FASTER AND BETTER BECAUSE THEY HAVE SPECIALIZED SKILLS AND KNOWLEDGE.	Draw pictures of jobs being done by mother or children and tell whether they are producing goods or services. Post pictures on a bulletin board.
	Have children make bread, rolls, or cookies. Compare their process with the way these things are produced commercially. Which process is more specialized; which uses more machinery?
	Discuss: "Who helped you get to school?" (Mother, bus driver, baker, plumber.) Bring out skills or specialized knowledge needed by these helpers.
Vocabulary specialization specialize specialists assembly line division of labor cooperation efficiency profession improvement training occupation	Make three charts showing specialists in the home, school, and neighborhood.
	Discuss the qualifications that specialists need--education, skills--.
	Make a responsibility chart of the family, school, or neighborhood, stating the responsibility of each.
	Prepare a helper's chart to show the division of classroom chores among the children.
	What would happen if daddy and mother changed jobs? If the beautician and the groceryman changed jobs?

EVALUATION AND NOTES

Has each child been able to identify his role in his family as a producer and as a consumer of services and goods?

Have the children discussed what their class might be like if monitors, helpers, and other nonpaying tasks were not carried out?

Have charts, posters, names, and representatives of various community volunteer organizations been presented in class?

Can the children describe the skills that workers, such as bakers, bus drivers, plumbers, or doctors, must have?

Have the children tried to do the same tasks that specialists do to see how efficient they really are? (The children have fun making bread or cookies, but the test is relative efficiency and the reasons for it.)

Can the children see a job that needs to be done and name the specialist who should be called to do it?

RESOURCES

Records

"Daddy Comes Home," Children's Record Guild

Songs

Lenski, Lois: When I Grow Up (with music), H. Z. Walck, Inc., New York, 1960

Resource Persons

Social Worker
Nurse
Fireman
Fathers

Visits

Bakery or fire station

Books

Beskow, Elsa: Pelle's New Suit, Harper and Row Publishers, New York, 1962

Barr, Jene: Policeman Paul, Albert Whitman and Company, Chicago, 1952

Floethe, Louise: The Story of Lumber, Charles Scribner's Sons, New York, 1962

Gag, Wanda: Gone is Gone, Coward-McCann, Inc., New York, 1935

Goudey, Alice E.: Here Come the Bees, Charles Scribner's Sons, Inc., New York, 1960

Hughes, Shirley: Lucy and Tom's Day, W.R. Scott, Inc., New York, 1964

Ipcar, Dahlor: Ten Big Farms, Alfred A. Knopf, Inc., New York, 1958

BIG IDEA 2: SOMEONE MUST PRODUCE THE GOODS AND SERVICES A COMMUNITY NEEDS (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
4. MOST PRODUCERS NEED TOOLS, MACHINERY, AND MATERIALS WITH WHICH TO WORK. THE PEOPLE WHO PROVIDE THESE CAPITAL GOODS RECEIVE PROFITS, RENT, AND INTEREST. Vocabulary technology tools machinery materials (continued)	Discuss: "Are you ready for school?" Make a chart showing various things that helped children get ready--who produced these things? Discuss what was used to produce these things. Ask resource people from the home, school, and community to explain their work. Are they specialists? Do they provide goods or services? What do they need to perform their work? Draw pictures of their work. Assemble a series of photographs showing various kinds of workers building a house and discuss the importance of each worker's job and the materials he needs to do the job. Play a game "I Am a Carpenter. What Tools Do I Need?" Have children name various tools needed by the carpenter. Use a variety of occupations. Ask children to draw a picture and then construct an object that would make their work easier--automatic arm to turn off alarm clock, magnet to pick up object.)

EVALUATION AND NOTES

When discussing their activities at home and at school, can the children name tools and machines that they have used?

Have the children tried to do the same task in alternative ways: once with the use of appropriate tools or machines and then without any tools or machines? Has the difference in result been measured in terms of time spent or the quantity of work accomplished?

Have the children demonstrated their awareness of technological change by collecting old and new tools or machinery and describing how well it works?

RESOURCES

Lenski, Lois: Let's Play House, H. Z. Walck, Inc., New York, 1944

Lindman, Major: Flicka, Ricka, Dicka, and the Strawberries, Albert Whitman and Company, Chicago, 1944

Rhythm Records

"When the Fire Bell Rings," and "The Safety Songs," by Phoebe James

Song Books

"Safety Songs"

Songs

"The Shoemaker," Growing With Music, Gr. 2, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1966, p. 95 (state-adopted text)

Books

Beim, Jerrold: Time and the Tool Chest, William Morrow and Co., Inc., New York, 1951

Floethe, Louise L.: The Farmer and His Cows, Charles Scribner's Sons, Inc., New York, 1957

Schwartz, Julius: I Know a Magic House, McGraw-Hill Book Co., Inc., New York, 1956

Francoise: What Do You Want to Be? Charles Scribner's Sons, Inc., New York, 1957

Waller, Leslie: Book to Begin on American Inventions, Holt, Rinehart, and Winston, Inc., New York, 1963

BIG IDEA 2: SOMEONE MUST PRODUCE THE GOODS AND SERVICES A COMMUNITY NEEDS (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
Vocabulary resources automation rent profit interest	Prepare a display of simple tools (old vs. modern). Make captions for each tool, explaining how it helps a worker on his job. Provide opportunities to work with and without tools and machines (picking up leaves by hand and raking up leaves). Make a mural on advances in work technology--any form of transportation: boat, planes, cars.

BIG IDEA 3: There Is a Circular Flow Of Money From Families To Businesses and Government and Back To Families Again

Most of the goods and services that families need are produced by business firms. The families must pay money for these goods and services. The business firms then use the money to buy materials and to pay wages to their workers, a salary to the manager, rent to the people who provide the business building, interest on money that the business may have borrowed, and profits to the people who who own the business. This is how the families of workers, managers, landlords, lenders, and business owners earn the money that they use to pay for the goods, and services that they buy.

Some of the goods and services that families need are produced by government. Families and businesses pay taxes to the government, and governmental agencies use this money to buy materials, pay wages to their workers, salaries to their managers, rent to the people who own their buildings, and the like. Most of the goods and services that government produces are given to people free of charge. Some tax money is given to people who are old or poor, so that they can buy the goods and services they need.

SUPPORTING CONCEPTS

1. Most of the goods and services we need are produced by business firms. Families must pay money for these goods and services. The businesses use the money to buy materials and to pay wages, salaries, rent, interest, and profit.

2. Some of the goods and services that families need are produced by government. Families and businesses pay taxes to the government. The government uses the tax money to buy materials and to pay wages, salaries, and rents.

3. There is a circular flow of money from families to businesses and government and back to families again.

EVALUATION AND NOTES

RESOURCES

Stories

Stoner, Jeanne: "The Little Red Wagon," Our Working World, SRA Resource Unit (Grade 1), Science Research Associates, Inc., 1964, p. 50 (state-adopted text)

Pamphlets

"What Do You Want to Be From A to Z?" Oregon Dairy Council

Kits

Peabody Kits, Level 2

Ginn Language Kit - Kit H (Many pictures depicting services performed)

Sounds and patterns of Language Kit, Holt Rinehart and Winston, Inc., New York

Oregon Dairy Council Kit

BIG IDEA 3: THERE IS A CIRCULAR FLOW OF MONEY FROM FAMILIES TO BUSINESSES AND GOVERNMENT AND BACK TO FAMILIES AGAIN (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. MOST OF THE GOODS AND SERVICES WE NEED ARE PRODUCED BY BUSINESS FIRMS. FAMILIES MUST PAY MONEY FOR THESE GOODS AND SERVICES. THE BUSINESSES USE THE MONEY TO BUY MATERIALS AND TO PAY WAGES, SALARIES, RENT, INTEREST, AND PROFIT.	Visit a grocery store. Then set up a grocery store in the classroom. What will we need? How will we pay for the store building, the clerks, the produce? How will the produce get to the store?
	Have the children ask their mothers why they shop in certain stores. Make a chart or a booklet (accordion pleated) showing different stores at which the mothers shop.
	Make a map showing various businesses in the neighborhood. Why do businesses specialize? Do some businesses buy goods and services from other businesses? Are there any one-person businesses?
	Pantomime a business situation: buying things from other businesses, hiring a new employee, dealing with a customer, borrowing money for a new truck.
Vocabulary money wages salaries profit loss earn counterfeit volunteer bonus profit sharing wholesale retail bankruptcy independent grocers chain (continued)	Make a mural or individual pictures tracing the story of a shirt: cotton farm, textile mill, shirt factory, wholesaler, store, customer. Make simple crossword puzzles with words found in business. Draw pictures of goods or services produced in the community. Give one child some play money to exchange for one of these goods and services. The business uses the money to buy things that it needs or to pay wages, salaries, rent, interest. Select an owner of a business and make pictures for the bulletin board of the people he must pay and materials he must purchase in order to operate his business. (Use a dairy, the telephone company, a sanitation company, a local factory.)

EVALUATION AND NOTES

Can the children point to pictures or examples from previous activities and tell which producers are paid with wages or salaries?

By demonstration or discussion, have the children traced the flow of money to various stores to show that some places of business receive more money payments than others?

Has the teacher explained that money income from profits is more variable than wages and salaries and that profit income for the store depends on the difference between sales income and costs that must be paid?

Have the children traced the flow of the consumer's money through a retailer's till to such persons as a secretary, landlord, electric power plant employee, farmer, wholesaler?

RESOURCES

Books

Brown, Rose: Lands and People of Brazil, J. B. Lippincott and Company, Philadelphia, 1963

Floethe, Louise: The Story of Lumber, Charles Scribner's Sons, Inc., New York, 1962

Zion, Gene: The Plant Sitter, Harper and Row Publishers, New York, 1959

Stories

Titus, Eve: "Anatole the Business Mouse," Our Working World, SRA Resource Unit (Grade 1) Science Resource Associates, Inc., Chicago, 1964, p. 29 (state-adopted text)

Films

"Behind the Scenes at the Supermarket," Film Associates of California, 11 min., color, b/w

"The Big Bakery," Educational Film Sales University of California Extension, 1959, 10 min., color

"The Story of Bananas, "Pan American Union, 1947, 11 min., b/w

Filmstrips

"Food," Society for Visual Education, 35 fr., color

"Food Comes from Many Places," Filmstrip-of-the Month Club, Inc., 1961, 28 fr., color, b/w

"Getting Ready for Market," Encyclopaedia Britannica Films, 1956, 48 fr., color

BIG IDEA 3: THERE IS A CIRCULAR FLOW OF MONEY FROM FAMILIES TO BUSINESSES AND GOVERNMENT AND BACK TO FAMILIES AGAIN (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
seasonal loans capital materials credit debt scarcity supply demand cost	
2. SOME OF THE GOODS AND SERVICES THAT FAMILIES NEED ARE PRODUCED BY GOVERNMENT. FAMILIES AND BUSINESSES PAY TAXES TO THE GOVERNMENT. THE GOVERNMENT USES THE TAX MONEY TO BUY MATERIALS AND TO PAY WAGES, SALARIES, AND RENTS.	For a bulletin board on taxes make pictures of the people the government must pay and the materials it must purchase with the tax money paid by families and businesses. Take the class for a tax walk. Observe goods and services that families buy together: streets, policemen, soldiers, bridges, schools, parks, zoos. On return from the walk, discuss why families buy some of these things together. Have children prepare a display or exhibit on "What Families in Our Town Buy Together." Play the following game: "I'm thinking of army tanks. Do families buy these by themselves or together? Children respond, "Together" or "By themselves." Discuss different taxes: automobile licenses, amusement taxes, gasoline taxes, income taxes, cigarette taxes, property taxes, sales taxes.
Vocabulary taxes government local state federal	Divide the class into federal, state, and local committees. Have each committee report on the taxes it receives. (Generally, property taxes go to local governments; sales, income, and auto taxes to state governments; personal and corporate income taxes and social security taxes to the federal government.) Play the game "What if every car had to have its own highway?" What If each family had to have its own fire truck? Discuss: "Who owns our school?"

EVALUATION AND NOTES

Have the children seen and named goods and services provided by governments?

Can the children use the terms "use" and "consume" synonomously in regard to government goods and services?

It is incorrect to define government exactly as a business; but, have the children drawn parallel illustrations that show how tax collections, like money payments to businesses, are payments for government goods and services?

RESOURCES

"Where Food Comes From," Encyclopaedia Britannica Films, 1956, 48 fr., color

"Where Our Food Comes From," Coronet Films, 1956, 11 min., color, b/w

Newspapers, Pamphlets, Materials

Available from Port of Portland

Films

"The Mailmen," Encyclopaedia Britannica Films, 1949, 70 fr., b/w

"Our Community," Encyclopaedia Britannica Films, 12 min., color b/w

"Our Policeman," Bailey Films, Inc., 1955, 11 min., color, b/w

"Our Post Office," Encyclopaedia Britannica Films, 48 fr., color

"What Our Town Does for Us," Coronet Films, 11 min., color, b/w

Books

Bate, Norman: Who Built the Bridge, Charles Scribner's Sons, Inc., New York, 1954

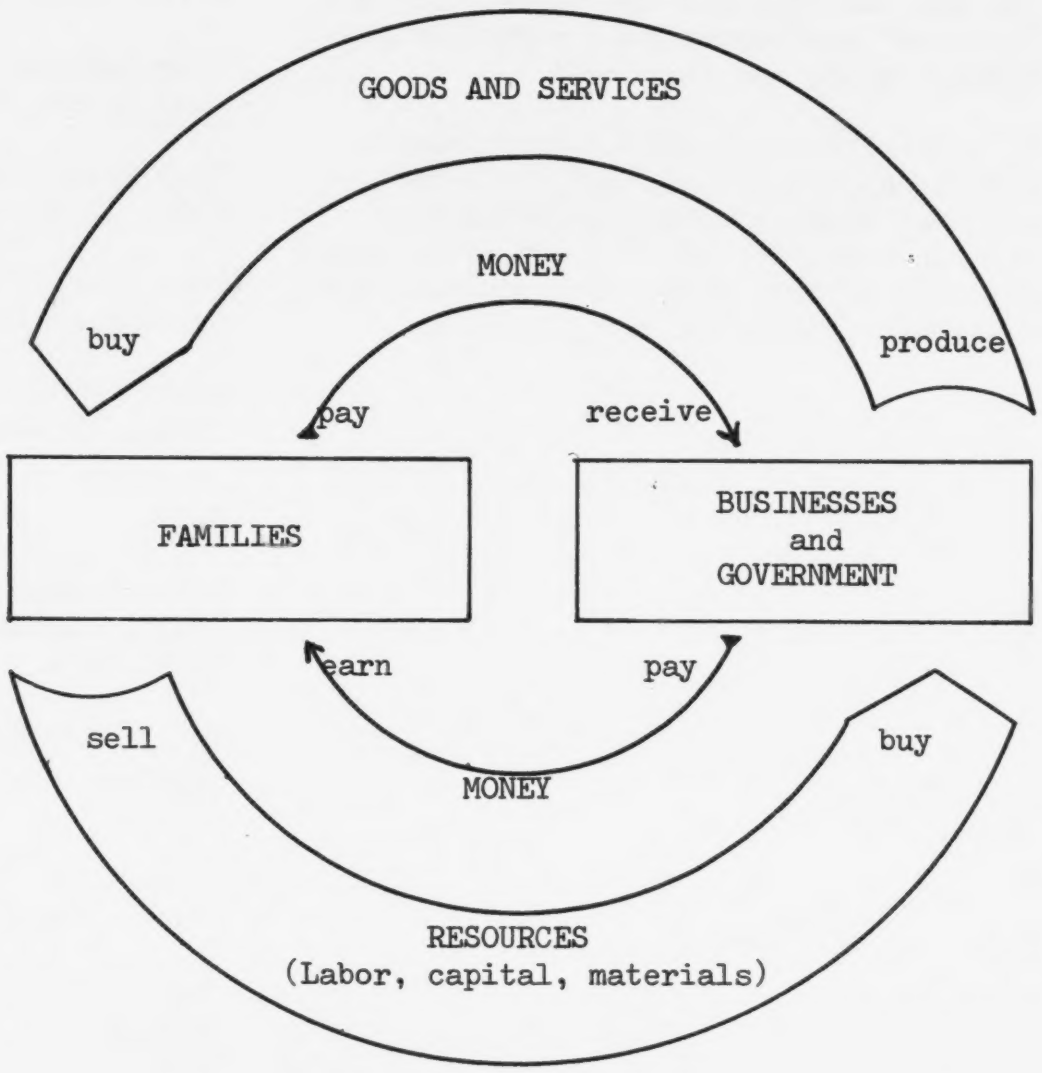
Elkin, Benjamin: The True Book of Schools, Children's Press, Chicago, 1960

Schneider: While Suzy Sleeps, W. R. Scott, Inc., New York, 1959

Sootin: Let's Go to the Police Station, G. P. Putnam's Sons, New York, 1957

BIG IDEA 3: THERE IS A CIRCULAR FLOW OF MONEY FROM FAMILIES TO BUSINESSES AND GOVERNMENT AND BACK TO FAMILIES AGAIN (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
3. THERE IS A CIRCULAR FLOW OF MONEY FROM FAMILIES TO BUSINESSES AND GOVERNMENT AND BACK TO FAMILIES AGAIN.	On a bulletin board show the circular flow of money from families to businesses and government and back to families again. (Start with a family using its money to buy goods and services and go one step at a time until the chart is finished. Use pictures to accompany each process.) See illustration of a circular flow chart below.



EVALUATION AND NOTES

Can the children give examples of money income, money payments, resources, and goods and services as they explain the Circular Flow Chart?

RESOURCES

State-Adopted Textbooks

Our Working World, SRA Resource Unit (Grade 3) Science Research Associates, Inc., Chicago, 1967, pp. 108-128

BIG IDEA 4: We Must Have Resources In Order To Produce. If We Use Our Resources For One Thing, We Cannot Use Them For Another. Because Of This We Must Make Choices.

Most of our resources are limited. We have ample supplies of free goods, like sunshine and fresh air; but most of our resources are in short supply. We have only so many people, only so many tools, only so much fertile land. If we use our resources for one thing, we cannot use them for something else. A carpenter who is building a house cannot build a school at the same time with the same boards and the same nails. Because of this the members of a community, as individuals or in groups, must decide how best to use their limited resources. They must choose between one use and another. The choices they make may differ from time to time, and one person may make different choices than another, but choices have to be made by all.

(continued on page 21)

SUPPORTING CONCEPT

1. FAMILIES HAVE TO DECIDE HOW BEST TO USE THEIR RESOURCES. FAMILIES HAVE TO DECIDE HOW MUCH TO SPEND ON FOOD, CLOTHING, EDUCATION, HOUSING, WASHING MACHINES, AUTOMOBILES, AND MEDICAL EXPENSES.

Vocabulary

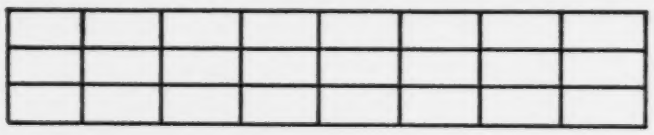
families
budget
save
resources
choices
price list
limited
market
tax
merchandise
competition
advertize

RELATED ACTIVITIES

Have children discuss with parents how their family income is spent; e.g., food, clothing, shelter, donations, recreation, savings, etc. "Why do families budget their incomes?"

Discuss illustrations or a movie of families making choices.

Have children spend a day watching their mother. Make a chart for 24 hours and mark each hour with a different color to designate time for work, sleep, and leisure.



Follow up with discussion of how they can help their mothers have more leisure time.

Have children ask their mothers why they shop in certain stores. (Make a chart of where and why.)

Give a puppet show depicting a family using the resource of time wisely.

Discuss how chores are allocated at home.

SUPPORTING CONCEPTS

1. Families have to decide how best to use their resources. Families have to decide how much to spend on food, clothing, education, housing, washing machines, automobiles, and medical expenses.

2. Individuals have to decide how best to use their resources.

3. Businesses have to decide how best to use their resources. Customers will pay only so much for a product. If the business wastes resources, it may suffer a loss instead of earning a profit.

4. The resources used by government cannot be used for other things. The people must decide what services can best be provided by government and must tax themselves to pay for the resources that government uses.

EVALUATION AND NOTES

(The evaluation of activities relating to resource use and choice by families, individuals, businesses, and governments are all similar. Only the terms and application differ.)

Can the children listen to a story describing an experience where a choice was necessary and state what the alternative choices were?

Can the children give reasons for a choice that was made? (I did this instead of that because...)

Is there evidence in classroom behavior that illustrates a greater awareness among the children that time, materials, and effort expended for one thing cannot be used again? For example, do they accept an "either/or" choice between play and story time, art work and weaving work, construction paper for drawing or cutting up?

How do the children score on a sentence-completion or a vocabulary-matching test.

RESOURCES

Pamphlet

Vinny and Billy - The Boys with the Piggy Bank, Banking Education Committee, American Banking Association, 1963, p. 18

Resource People in/from the community

Oregon State Tax Commission, Salem, Oregon

Films

"The Mailmen," Encyclopaedia Britannica Films, 1949, 70 fr., b/w

"Our Community," Encyclopaedia Britannica Films, 12 min., color, b/w

"Our Post Office," Encyclopaedia Britannica Films, 48 fr., color

"The Fireman," Jam Handy Organization, 1956, 30 fr., color

"The Fireman," Long Filmslide Service, color

"What Our Town Does for Us," Coronet Films, 11 min., color, b/w

BIG IDEA 4: WE MUST HAVE RESOURCES IN ORDER TO PRODUCE. IF WE USE OUR RESOURCES FOR ONE THING, WE CANNOT USE THEM FOR ANOTHER. BECAUSE OF THIS WE MUST MAKE CHOICES. (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
2. INDIVIDUALS HAVE TO DECIDE HOW BEST TO USE THEIR RESOURCES. Vocabulary individuals decisions	Give children a certain amount of money to spend for lunch. After they have spent their money, discuss if their choices were wise. Use the Oregon Dairy Council pamphlet, "What Will I Be From A to Z?" "Why did you choose to be a ... ?" (barber, dentist, etc.)
3. BUSINESSES HAVE TO DECIDE HOW BEST TO USE THEIR RESOURCES. CUSTOMERS WILL PAY ONLY SO MUCH FOR A PRODUCT. IF THE BUSINESS WASTES RESOURCES, IT MAY SUFFER A LOSS INSTEAD OF EARNING A PROFIT. Vocabulary businesses profit loss gain receipts inventory	Have a storekeeper visit class to explain how he makes profit. Ask a beautician or barber to visit the room and explain how profit is made. Make a comparison between the way profit was made by these two resource persons

EVALUATION AND NOTES

RESOURCES

Books

Bate, Norman: Who Built the Bridge, Charles Scribner's Sons, Inc., New York, 1954

Elkin, Benjamin: The True Book of Schools, Children's Press, Chicago, 1960

Schneider: While Suzy Sleeps, William R. Scott, Inc., New York, 1959

Sootin: Let's Go to a Police Station, G. P. Putnam's Sons, New York, 1957

State-Adopted Textbooks

Our Working World, SRA Resource Unit, (Grade 3) Science Research Associates, Inc., Chicago, 1967, pp. 40-65

BIG IDEA 4: WE MUST HAVE RESOURCES IN ORDER TO PRODUCE. IF WE USE OUR RESOURCES FOR ONE THING, WE CANNOT USE THEM FOR ANOTHER. BECAUSE OF THIS WE MUST MAKE CHOICES. (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
4. THE RESOURCES USED BY GOVERNMENT CANNOT BE USED FOR OTHER THINGS. THE PEOPLE MUST DECIDE WHAT SERVICES CAN BEST BE PROVIDED BY GOVERNMENT AND MUST TAX THEMSELVES TO PAY FOR THE RESOURCES THAT GOVERNMENT USES.	Construct a table-top model (with drawings or with paper cut-outs) of your city or community. Locate the various schools, playgrounds, streets, stop lights, fire and police cars provided by government. Use the activity above and have the children substitute parks, school yards, streets, zoos, stadiums, or other government services in place of what is already in the model. The teacher should stress the problems that will arise when homes and businesses need to be removed. The cost of lost taxes should also be mentioned. Ask several students to look at the price statement on the gasoline pump at their local gas station. Discuss what

Gasoline	24¢
State tax	4¢
Federal tax	6¢
Total	34¢

means in terms of private and government spending for goods and services.

Vocabulary

governments

EVALUATION AND NOTES

RESOURCES

Newspapers (local and city)

Television and radio commercials

Pamphlets

"Simon and His Family Bank," New York State Bankers Association, 405 Lexington Avenue, New York, New York, 10017, 10¢/copy, 13-page pocket-size booklet about a cat who "works" in a bank

"What Will I Be From A to Z?" Oregon Dairy Countil

Pictures

Oregon Dairy Council

Our Working World, SRA Resource Unit (Grade 3) Science Research Associates, Inc., 1967, pp. 108-128 (state-adopted text)

Books

Hine, Al: Money Round the World, Harcourt, Brace and World, Inc., New York, 1963

Watson, Nancy: Annie's Spending Spree, The Viking Press, Inc., New York, 1957

BIG IDEA 5: Prices Help Us Decide How To Use Our Resources

Prices help producers choose between alternative resources and help consumers choose between alternative goods and services.

Consumers and producers react differently when the price of a product changes. If the price of a product goes up, consumers will try to buy less. But, if the price goes up, businesses will see a possibility of earning higher profits and will try to produce more. The opposite happens if the price of a product falls. Therefore, changing prices tend to create a balance between the amount of a product consumers wish to consume and the amount that producers are willing to produce.

Much the same thing happens when the price of a resource changes. If the price of a resource goes up, more people will be willing to supply it. But, at the same time, businesses and governments will try to use less of that resource. Perhaps they can use another resource instead. Changing resource prices, then, tend to create a balance between the amount of a resource that producers wish to use and the amount that people are willing to supply.

(continued on page 27)

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. FAMILIES WILL NOT PAY HIGH PRICES FOR GOODS AND SERVICES IF THE SAME QUALITY CAN BE PURCHASED FOR LESS.	Compare the prices and weights of identical name brands. Note the variations from store to store. "Where would you buy?" "Why would you buy there?" Discuss: "Why are tomatoes more expensive in December than August?" (Bring out idea of transportation, seasons, and storage.) Dramatize the following situation. Joe bought bananas at five cents each. He hopes to make a profit. If he cannot sell them, they will spoil. The children want to buy the bananas as cheaply as possible. Discuss the implications. Will Joe ever sell for less than five cents each? What if Harry has bananas for sale also?

Vocabulary

price
quality
purchase
buy
buyers

SUPPORTING CONCEPTS

1. Families will not pay high prices for goods and services if the same quality can be purchased for less.

2. Producers will not take low-wage jobs if the same jobs are available at higher wages.

3. Businessmen and governments will not pay high prices for resources if the same resources are available at lower prices.

4. Businessmen will stop making products that earn too low a profit and will start making products that earn a higher profit.

EVALUATION AND NOTES

The children are able to see a display of similar products and select the one that is of lowest price relative to size.

The children are able to identify goods that are of similar nature even though they may be packaged differently.

Children can demonstrate their price-consciousness by telling about a shopping trip with their parents, or of a purchase of their own, when they made a choice between similar items on the basis of price.

RESOURCES

Newspapers (local)

Resource People from Community

Films

"Our Family Works Together," Coronet Films, 1958, 11 min., color, b/w

Poems

Fyleman, Rose: "Shop Windows," Our Working World, SRA Resource Unit (Grade 1), Science Research Associates, Inc., 1964, p. 73 (state-adopted text)

Rader, William: "Mr. Wooley the Businessman," Our Working World, SRA Resource Unit (Grade 1), Science Research Associates, Inc., 1964, p. 155 (state-adopted text)

BIG IDEA 5: PRICES HELP US DECIDE HOW TO USE OUR RESOURCES (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
2. PRODUCERS WILL NOT TAKE LOW-WAGE JOBS IF THE SAME JOBS ARE AVAILABLE AT HIGHER WAGES.	Invite a secretary or waitress who has recently changed jobs, but who has continued in the same type of work, to explain her reason for the change. Explain that the word "salary" comes from the word "salt," which was at one time a medium of exchange.
Vocabulary salary wage available job	
3. BUSINESSMEN AND GOVERNMENTS WILL NOT PAY HIGH PRICES FOR RESOURCES IF THE SAME RESOURCES ARE AVAILABLE AT LOWER PRICES.	Invite a city official to visit the classroom and explain the duties of his particular office.
Vocabulary businessmen prices government	

EVALUATION AND NOTES

Children are able to compute and compare earnings from jobs which pay varying amounts per hour, per day, per week, or per month.

Children are able to compare jobs that have the same title but have different working conditions, responsibilities, and requirements.

Children have met and talked with individuals who have changed jobs for various reasons.

Children have met business or government officials who have told them about the similarity of business or governmental operations regarding purchases of the best resources at the lowest prices.

RESOURCES

Books

Bate, Norman: Who Built the Bridge? Charles Scribner's Sons, Inc., New York, 1954

Bauer, Helen: Good Times at the Park, Melmont Publishers, Inc., Chicago, 1956

Elkin, Benjamin: The True Book of Schools, Children's Press, Chicago, 1960

Hamilton, Lee D.: Let's Go to a Dam, G. P. Putnam's Sons, New York, 1963

Films

"The Mailmen," Encyclopaedia Britannica Films, 1949, 70 fr., b/w

"Our Post Office," Encyclopaedia Britannica Films, 48 fr., color

"The Fireman," Longslide Film Service, color

"The Fireman," Jam Handy Organization, 1956, 30 fr., color

"What Our Town Does for Us," Coronet Films, 11 min., color, b/w

BIG IDEA 5: PRICES HELP US DECIDE HOW TO USE OUR RESOURCES (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
4. BUSINESSMEN WILL STOP MAKING PRODUCTS THAT EARN TOO LOW A PROFIT AND WILL START MAKING PRODUCTS THAT EARN A HIGHER PROFIT.	Arrange a table display of toys the children don't play with nowadays. "Why aren't these toys manufactured any longer?" Arrange a table display of popular toys. "Why are these toys being manufactured?" Read the poem, "Shop Windows." Discuss how a need for the use of new resources is developed when peoples' taste change.

Vocabulary

supply
demand
advertise
earn

BIG IDEA 6: Money Makes It Easier To Buy and Sell Things

Most of our goods and services are produced by specialists, but only a few specialists can consume their own products. The farmer may be able to eat his own crop, but the barber and the carpenter will starve to death unless they are able to exchange their services for food.

Grownups could swap and trade their products and their services for food and other consumer goods, just as second-graders swap and trade things on the playground. But if grownups had to rely on barter, which is a cumbersome process, they wouldn't be able to trade as easily and wouldn't be able to specialize as much. With less specialization, our output of goods and services would go down.

The use of money, and men have used all kinds of things as money, permits more specialization by making it easier for one man to exchange his product for that of another. It also makes it easier for people to judge the price of things.

SUPPORTING CONCEPTS

1. Money serves as a common medium of exchange.
2. Money serves as a standard of value.
3. Money serves as a store of value

EVALUATION AND NOTES

Children are able to use the circular flow diagram to explain how the reduction of their purchases of a particular toy in turn reduces the flow of money to its manufacture, thus reducing the purchase of resources for the production of the toy.

Children are able to use the circular flow diagram or simply give examples of their own to explain how increased demand for a good, or service, encourages producers to apply more goods and services to the production of that item.

RESOURCES

Films (continued)

"Our Policeman," Bailey Films, 1955, 11 min., color, b/w

Story

Titus, Eve: "Anatole, the Business Mouse," Our Working World, SRA Resource Unit (Grade 1), Science Research Associates, Inc., 1964, p. 29 (state-adopted text)

Pamphlet: Keep Oregon Green

Materials: Students, Other teachers

BIG IDEA 6: MONEY MAKES IT EASIER TO BUY AND SELL THINGS (continued)

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. MONEY SERVES AS A COMMON MEDIUM OF EXCHANGE.	Have children bring goods from home and dramatize bartering situations.
Vocabulary money medium of exchange counterfeiter legal illegal domestic foreign barter earn make	Set up a display of domestic and foreign coins, locating countries from which they came on a globe or map. Arrange a bulletin board showing a man who makes money (counterfeiter) and one who earns money. Read the story, "The Tuba Factory," to the class-- follow with discussion on the importance of money as a medium of exchange. Show how the medium of exchange has changed from the past to the present-- Indians - wampum; grocer - money. Have children compare real money with play-money. Note the differences. Play a game showing the disadvantages of barter: children with elephants, doughnuts, and trees want to exchange them with children who can offer dental care, milk, and houses. Discuss: "What kinds of things, other than paper, gold and silver, would be good to use for money?" "What things wouldn't make good money; i.e., hard candy, good; bananas, bad."

EVALUATION AND NOTES

Children are able to barter various goods among themselves in a manner that the teacher feels is "fair exchange."

Children have the opportunity to see coins and currencies from other countries and to compare the relative values of another country's denomination with that of the United States.

Children have enough of an understanding of money's function to tell how such commodities as wampum, horses, tobacco, or salt could serve as money.

RESOURCES

Stories

"Jack and the Beanstalk"

Stoner, Jean: "The Tuba Factory," Our Working World, SRA Resource Unit (Grade 1), Science Research Associates, Inc., Chicago, 1964, p. 114

Songs

Langstaff, John: "The Swapping Boy," Our Working World, SRA Resource Unit (Grade 1), Science Research Associates, Inc., Chicago, 1964, pp. 115-116

Films

"About Money," Children's Productions, 8 min., sound

"Money and Its Uses," Encyclopaedia Britannica Films, 1962, 11 min., color, b/w

Filmstrips

"Can You Make Change," Filstrip-of-the-Month-Clubs, Inc., 1957, 27 fr., color

Pamphlets

"Many Pennies," Golden Press, New York, p. 24; available from The Benjamin Company, 600 Fifth Avenue, New York, New York 10020; 15¢/copy

Books

Elkin, Benjamin: The True Book of Money, The Children's Press, Chicago, 1960

SUPPORTING CONCEPT

RELATED ACTIVITIES

2. MONEY SERVES AS A STANDARD OF VALUE.

Vocabulary

standard
value
universal
cumbersome
acceptable

Make a chart of several school items with varying prices. Have children determine the relationships among the items. Ask how many prices there would have to be if no standard of value were ever used.

With Standard of Value		Without Standard of Value
Pencil	10¢	1 pencil = ½ tablet
Tablet	20¢	1 pencil = ¼ crayons
Crayons	40¢	1 pencil = ½ scissors
Scissors	20¢	1 tablet = 1 scissors
		1 crayons = 2 scissors

Introduce the children to standards of values used by nations of the world. Names of such standards as lira, peso, yen, and ruble can be found in the financial section of the daily newspapers with their current value to the dollar. The teacher might discuss the necessity of using the American dollar or the British pound sterling as a standard among nations.

3. MONEY SERVES AS A STORE OF VALUE.

Vocabulary

accumulate
perishable
storage
decline
deteriorate
potential
seasonal

Ask the children how many have savings accounts in a bank or small amounts of money set aside in "piggy banks." Make a list of the things or reasons each child gives for holding the money that is being saved.

Make a list of things that cannot be saved in their original form and still keep their same value. Explain why it is easier to save money than such things as--

ice cream - needs to be kept frozen
toys (sled)- takes space in garage
newspaper - news out of date
gasoline - dangerous in house
sweaters - outgrow the size

Thus it should be pointed out that it is more convenient to "store" money so various items can be bought when needed rather than to save these items until needed.

EVALUATION AND NOTES

RESOURCES

The children are able to relate numerous things to a single standard, such as "one dollar." They should be able to relate each to the dollar and each to the other.

Example:

One Dollar = necktie
book
10 bricks
gal. ice cream

Therefore, one necktie=
one book=10 bricks, etc.

Children are able to substitute the dollars and cents standard with some other standard such as a pencil. They are then able to express the value of other items in terms of multiple or fractions of a pencil.

The children can define the process of saving money as a more convenient means of "storing" future purchasing power.

The children can list some of the advantages of using money as a means of saving over the use of some other commodity.

The children can equate a certain sum of money saved with a comparable value of goods or services that could be purchased.

BIG IDEA 7: Money Can Be Lent and Borrowed

People who don't have enough money to buy something that they want right now sometimes borrow it from those who have more money than they want to spend right now. The people who lend the money usually insist that the borrower not only promise to pay it back, but also that he pay an extra amount, called "interest," for the privilege of using it.

Not everyone who wants to borrow money has a friend who has money to lend, and not everyone who has money to lend has a friend who wants to borrow. For this reason people who have extra money deposit it in banks, savings and loan associations, credit unions, and similar organizations, which then lend it to people and businesses who want to borrow. The borrowers pay interest to the bank. The bank uses part of the interest it receives to pay interest to its depositors and part of it to pay for the labor and other resources that it needs.

(continued on page 37)

SUPPORTING CONCEPT	RELATED ACTIVITIES
1. SOME FAMILIES AND BUSINESSES HAVE MORE MONEY THAN THEY NEED TO SPEND RIGHT NOW. THEY MUST DECIDE WHAT TO DO WITH THEIR EXTRA MONEY. Vocabulary statement spend savings interest bank banker cashier teller exchange checks payroll deposit currency coin armored cars value (continued)	Have a banker visit the classroom and explain the services of the bank. Give puppet shows or plays showing decisions that must be made by families concerning the use of excess money. Make up creative stories on the theme, "What do you do with the money that is left after necessities have been paid for?" Discuss the advantages of depositing excess income where it will earn interest.

SUPPORTING CONCEPTS

An efficient system for borrowing and lending is important to the economy, because it makes it easier for those who want to buy tools and machinery and other capital resources to secure the money with which to buy them.

1. Some families and businesses have more money than they need to spend right now. They must decide what to do with their extra money.

2. Some families and businesses want to spend more money than they have right now. They must decide whether or not to borrow.

EVALUATION AND NOTES

Children are able to present a life-situation puppet play in which family expenditure does not exceed the amount they have, thus resulting in money left over or savings.

Children are able to distribute a set amount of play money for various family expenses and "budget" to have some money left over--as savings.

1) Take the money out first and then spend the rest
2) Spend or pay expenses first and "save" what is left.

Children have been introduced to the real functions of a bank. They are able to ask a visiting banker:

What do you do with my money?
Do other people know it is my money they borrowed?
How will I get my money back if you have lent it to someone else?
Why do you ask so many questions when people borrow money?
What do people who borrow my money do with it?
(continued)

RESOURCES

Bureau of Printing and Engraving, Washington, D. C.

Resource People

Representatives from banks and loan companies

SUPPORTING CONCEPT	RELATED ACTIVITIES
safety deposit vault withdrawal checking mint	
2. SOME FAMILIES AND BUSINESSES WANT TO SPEND MORE MONEY THAN THEY HAVE RIGHT NOW. THEY MUST DECIDE WHETHER OR NOT TO BORROW.	Visit a bank to observe the services offered. Discuss: "What influences a family to decide to borrow money--need for a larger home, illness in the family, transmission for the car? Prepare a mural illustrating the borrowing process: borrower going to bank banker lending money borrower spending money borrower earning money borrower paying debt to banker

Vocabulary

loan
payment
loss
credit rating
account
borrow
United States
America
note
receipt
debt

EVALUATION AND NOTES	RESOURCES
Children are able to give simple answers to these same questions when they are asked later.	
Children, after a visit to a bank or a visit from the banker, are able to tell of more than the storage function of banks. They might even draw windows of bank tellers with different titles on each window.	Bank Credit Union Credit manager from a store
When children have been shown a credit card, they are able to identify such a card if they find one.	
In a general way, children are able to classify examples given by the teacher as cases where families-- 1) borrowed money from a bank or a loan agency 2) borrowed from a business through the use of a credit card.	
The class is able to assemble and illustrate a chart showing the borrowing process: borrowing, spending the borrowed money, earning the money for repayment, repaying the borrowed money.	

Appendix

MAJOR IDEAS AND SUB-IDEAS OF MODERN ECONOMICS

The following ideas and sub-ideas define the boundaries of the economic discipline and are guides to the things teachers should cover or emphasize.

The ideas are abridged and paraphrased from James D. Calderwood, Teachers Guide to Developmental Economic Education Program, Part One, Economic Ideas and Concepts (New York: Joint Council on Economic Education, 1964).

SEVEN BASIC ECONOMIC AREAS

I. WHAT ECONOMICS IS ALL ABOUT

II. PERSISTENT ECONOMIC PROBLEMS FACED BY ALL SOCIETIES

III. THE MARKET ECONOMY OF THE UNITED STATES AND HOW IT OPERATES

IV. ECONOMIC GROWTH AND STABILITY

V. DISTRIBUTION OF INCOME

VI. THE UNITED STATES AND THE WORLD ECONOMY

VII. OTHER ECONOMIC SYSTEMS

I. WHAT ECONOMICS IS ALL ABOUT

A. Economics....

1) Is primarily concerned with the allocation of scarce resources, with the ways in which a society decides

WHAT to produce
HOW to produce it
FOR WHOM to produce it.

2) Deals with a whole economy — how it works, grows, and adjusts to change.

3) Is also concerned with important parts of the society: consumers, businesses, labor unions, farms. However, a study of these parts is only part of the study of economics.

4) Does not decide personal or social goals. The study of economics helps us to identify goals — growth, stability, efficiency, justice, freedom, and so on — and to make intelligent choices between alternatives.

B. The study of economics is important because

1) Individuals have many economic problems of their own.

2) Citizens influence decisions on economic problems that affect the community, the nation, and the world.

3) People who can deal with economic problems in an organized and systematic way are better able to deal with other kinds of problems.

C. The real test of economic understanding is whether or not one has the ability to deal with future economic problems in an organized and systematic way.

1) This does not mean having memorized facts.

2) It does mean the ability to

a) Define the problem and find the facts

b) Identify the goals that we are trying to achieve, in order of priority

c) Decide what action is best, all things considered.

II. PERSISTENT ECONOMIC PROBLEMS FACED BY ALL SOCIETIES

A. All societies want economic goods and services.

1) Some of these wants are individual, some are collective; but a society's economic wants are never satisfied.

2) There are wants for consumption goods, that satisfy our needs directly, and wants for capital goods, that help us produce the things we want.

B. The process of making economic goods (and services) is called production. Those who engage in this process are called producers.

1) We cannot produce goods and provide services unless we have resources — the main ones are land, labor, and capital.

2) The amount of output that we get from our resources depends on the level of technology, the degree of specialization, the productivity of labor, and the amount of capital available.

C. Resources are scarce. We must decide how we want to use them because if we use our resources in one way we cannot use them in another.

D. An economic system is an organized way of making decisions about how to use scarce resources. (Economists speak of "the allocation of resources.") To do this society must decide what to produce, how to produce it, how much to produce, and for whom to produce it. Various economic systems make these decisions in different ways.

III. THE MARKET ECONOMY OF THE UNITED STATES AND HOW IT OPERATES

A. Ours is a modified private enterprise economy. Our citizens are free to buy what they can afford. They are free to go into business, hire labor and acquire resources, and produce what they think consumers will buy.

1) Producers make a profit if they are right about consumers' demands and suffer a loss if they are wrong. The profit motive thus encourages producers to produce and to shift from one line of production to another when consumers' wants change.

2) Our decisions on what goods to produce and how to produce them are thus influenced by consumer decisions as to how to spend their incomes.

B. There is a circular flow of income from businesses to those who provide resources; from the public to the government; and from those who save to those who invest. A simple model of this flow helps to explain the workings of the whole economy.

C. The market is a basic institution of the American economy.

1) The market adds up the economic decisions of individual buyers and sellers.

2) The ideas of demand and supply are useful in explaining how markets work and how price changes affect the incomes of producers and the amounts that consumers have left over to spend on other things.

3) Market prices are the main regulators of economic activity in the United States.

4) Competition is an essential part of the market mechanism. But, because monopoly or semi-monopoly exists in certain markets, we have passed anti-trust laws and decided to regulate the prices charged by certain industries.

5) Our governments regulate the economic activities of businessmen and consumers. They also affect the allocation of resources when they levy taxes, spend money on goods and services, or make money available to individuals.

IV. ECONOMIC GROWTH AND STABILITY

A. Economic growth may refer to either increases in total output or to increases in output per person.

1) We need growth so that we can raise our living standards and so we can provide enough jobs for our growing labor force.

2) We can grow if we increase our productive capacity by (a) increasing the number of workers, (b) making them better workers, (c) providing them with more capital (tools and machines), or (d) improving our technology and our managerial efficiency.

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3) In a private enterprise,economy growth will take place only if effective demand increases — only if the economy is willing and able to buy an increasing output of goods and services.

B. Economic stability means keeping the economy on an even keel between inflation and depression. We want to keep the economy growing and we want to keep it stable.

C. The main tools for measuring the performance of the economy are called Gross National Product and National Income.

D. The level of output is mainly influenced by the level of effective demand — consumption demand plus government demand plus business demand plus foreign demand.

1) When business or government demand moves up or down, the economy tends to expand or contract. This in turn causes changes in consumer demand, which adds to the original expansion or contraction.

2) The government uses fiscal policy — changes the level of government spending and taxation — to influence the level of effective demand. This may have an impact on the national debt.

3) The monetary system also influences the level of effective demand. To know how this works one must understand (a) what money is and what its function is, (b) where money comes from, and (c) how and why the government tries to control the money supply.

V. DISTRIBUTION OF INCOME

A. A person's income determines how much he can buy. The distribution of income within the economy helps determine what goods the economy produces and for whom it produces them.

1) Most people receive incomes by selling productive services on a factor market.

2) Some people receive transfer payments not related to productive services.

B. Our markets may not distribute incomes in a just or proper way.

1) The government uses taxes and transfer payments to change the distribution of income. It also uses taxes to provide certain services that mostly benefit people with lower incomes.

2) Private groups, like unions, also alter the distribution of income.

3) Incomes are more equally distributed than before, but some people have very low or no incomes.

4) Profits are incomes to businessmen. But profits also reward business for taking a chance on a new product or with a new business. This is their main economic function.

C. Economic groups are concerned with the incomes of their members, but in the final analysis, what people earn depends on what they produce. Economic groups may advocate policies which tend to increase incomes of their own members even though they waste economic resources.

1) Labor unions attempt to influence labor incomes through collective bargaining and through the political process.

2) Many small farmers would not earn satisfactory incomes if farm prices were left to supply and demand. Farm prices tend to fall because farm output grows faster than the demand for farm products. Because of this, farmers advocate government price supports and other devices to keep farm incomes and prices at a higher level than they would otherwise be. Such devices also influence the allocation of resources.

3) Our people are concerned with security in their incomes. Activities in the economic security area may affect economic justice, economic stability, the efficiency with which the economy allocates resources, and the willingness of individuals to take risks necessary for economic growth.

VI. THE UNITED STATES AND WORLD ECONOMY

A. The American economy is tied to world economy.

1) In many fields, American jobs, incomes, and profits depend on sales to foreign countries.

2) Some of our industries require resources that we don't have or cannot produce in adequate quantities.

3) American businessmen often invest in businesses overseas. This helps other countries to produce things we need and helps them to increase their rates of economic growth.

B. World Trade takes place for the same reason that trade takes place within the United States....

BECAUSE IT PAYS TO SPECIALIZE IN WHAT YOU CAN DO BEST AND TO BUY FROM OTHERS WHAT THEY CAN PRODUCE MORE CHEAPLY THAN YOU CAN.*

*This is simply stated, but not quite accurate. Imagine a Little League Ball Club in which each player can pitch better than he can do anything else. One of the nine will pitch, but he will be the only one to do the job at which he is best. The catcher will catch even though he is a better pitcher than a catcher. A better statement: "It pays to specialize in things at which you have a comparative advantage...."

C. World Trade is more complicated than domestic trade.

1) Different countries use different kinds of money. This requires various devices for exchanging one kind of money for another. These involve foreign exchange rates.

2) Balance of payments problems arise when a country tries to spend more foreign money than it has in order to buy foreign goods.

3) Countries impose tariffs and other barriers to trade in order to protect new industries, to insure self-sufficiency in time of war, or to protect the incomes of those in certain industries.

VII. OTHER ECONOMIC SYSTEMS

A. All societies face the same central economic problem — deciding how to use scarce resources (what to produce, how much to produce, and for whom to produce).

B. Throughout history different societies have approached this problem in different ways.

1) Some economies rely primarily on the market mechanism, with a restricted role for government.

2) Others rely heavily on centralized decision making.

a) This may be comprehensive and autocratic, as in the Soviet Union, or

b) Limited and democratic, as in Britain and India.

3) Most countries today are "mixed economies" in that some decisions are made in the market and others are made by central authority, either democratically or autocratically. The important thing is the nature of the "mix."

4) It is particularly important to avoid classifying economic systems into three rigid and unchanging classifications called capitalism, communism, and socialism. For example, there are significant differences between the economies of the United States and France, or Switzerland and New Zealand.

5) All economic systems change over the years.

C. The study of economic systems should emphasize different approaches to the central economic problem and changes in these approaches over the years. It should also emphasize the performance of different economic systems in the light of such criteria as growth, stability, efficiency, security, justice, and freedom.

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